

ASSEMBLY BILL

No. 951

Introduced by Assembly Member Coto

February 18, 2005

An act to amend Section 15146 of the Education Code, relating to school bonds.

LEGISLATIVE COUNSEL'S DIGEST

AB 951, as introduced, Coto. Bonds: interest accrued: deposit in general fund.

Existing law authorizes, except as otherwise provided by law, the governing board of any school district or community college district, when in its judgment it is advisable, and requires, upon a petition of the majority of the qualified electors residing in the school district or community college district, that the governing board of a school district or community college district order an election and submit to the electors of the district the question whether the bonds of the district shall be issued and sold for the specified purposes of raising money.

Existing law requires that the proceeds of the sale of the bonds, exclusive of any premium received, be deposited in the county treasury to the credit of the building fund of the school district, or community college district as designated by the California Community Colleges Budget and Accounting Manual. Existing law requires that any premium or accrued interest received from the sale of the bonds be deposited in the interest and sinking fund of the district.

This bill would authorize the governing board of a school district to transfer to the general fund of the school district interest that accrues

on the proceeds of bonds of the district if the bonded indebtedness is authorized to be incurred on or after January 1, 2006.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 15146 of the Education Code is
2 amended to read:

3 15146. (a) The bonds shall be issued and sold pursuant to
4 Section 15140, payable out of the interest and sinking fund of the
5 district. The governing board may sell the bonds at a negotiated
6 sale or by competitive bidding. The bonds may be sold at a
7 discount not to exceed 5 percent and at an interest rate not to
8 exceed the maximum rate permitted by law. If the sale is by
9 competitive bid, the governing board shall comply with Sections
10 15147 and 15148. The bonds shall be sold by the governing
11 board no later than the date designated by the governing board as
12 the final date for the sale of the bonds.

13 (b) The proceeds of the sale of the bonds, exclusive of any
14 premium received, shall be deposited in the county treasury to
15 the credit of the building fund of the school district, or
16 community college district as designated by the California
17 Community Colleges Budget and Accounting Manual. The
18 proceeds deposited shall be drawn out as other school moneys
19 are drawn out. The bond proceeds withdrawn shall not be applied
20 to any ~~other~~ purposes *other* than those for which the bonds were
21 issued. Any premium or accrued interest received from the sale
22 of the bonds shall be deposited in the interest and sinking fund of
23 the district. *The interest that accrues on the proceeds of bonds of*
24 *a school district may be transferred by the governing board of*
25 *the school district to the general fund of the school district if the*
26 *bonded indebtedness is authorized to be incurred on or after*
27 *January 1, 2006.*

28 (c) The governing board may cause to be deposited proceeds
29 of sale of any series of the bonds in an amount not exceeding 2
30 percent of the principal amount of the bonds in a costs of
31 issuance account, which may be created in the county treasury or
32 held by a fiscal agent appointed by the district for this purpose,
33 separate from the building fund and the interest and sinking fund

1 of the district. The proceeds deposited shall be drawn out on the
2 order of the governing board or an officer of the district duly
3 authorized by the governing board to make the order, only to pay
4 authorized costs of issuance of the bonds. Upon the order of the
5 governing board or duly authorized officer, the remaining
6 balance shall be transferred to the county treasury to the credit of
7 the building fund of the school district or community college
8 district. The deposit of bond proceeds pursuant to this
9 subdivision shall be a proper charge against the building fund of
10 the district.

11 (d) The governing board may cause to be deposited proceeds
12 of sale of any series of the bonds in the interest and sinking fund
13 of the district in the amount of the annual reserve permitted by
14 Section 15250 or in any lesser amount, as the governing board
15 shall determine from time to time. The deposit of bond proceeds
16 pursuant to this subdivision shall be a proper charge against the
17 building fund of the district.

18 (e) The governing board may cause to be deposited proceeds
19 of sale of any series of the bonds in the interest and sinking fund
20 of the district in the amount not exceeding the interest scheduled
21 to become due on that series of bonds for a period of two years
22 from the date of issuance of that series of bonds. The deposit of
23 bonds proceeds pursuant to this subdivision shall be a proper
24 charge against the building fund of the district.